



Alan C. Lloyd, Ph.D.
Agency Secretary

Air Resources Board

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Arnold Schwarzenegger
Governor

September 23, 2005

Mr. Jay McKeeman
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California Independent Oil Marketers Association
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Mr. Steven Arita
Senior Coordinator
Western States Petroleum Association
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Mr. Paul Frech
Executive Director
Automotive Trade Organizations of California
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Laguna Hills, California 92653

Dear Sirs:

Thank you for your September 6, 2005 letter, stating the need for a reliable and predictable supply of Phase II Enhanced Vapor Recovery (EVR) equipment. Specifically you indicated your concern regarding the ability of Healy Systems, Inc. (Healy) to fill orders for Healy Phase II EVR equipment in a timely fashion, and your apprehension that station operators are being adversely affected by delayed shipment of their orders. We are working with Healy to insure that orders of Phase II EVR components are shipped on time. In addition, we are in communication with District permit staff to alert us to delays due to delayed shipment of ordered EVR equipment. We ask you as well to advise your members to contact us about construction delays or shut downs by completing the form mentioned later in this letter.

You referenced a letter sent to me on August 24, 2005, by Mr. Arthur Boroff of Healy Systems stating that orders might take up to twelve to fourteen weeks to fill. Since that time, I have discussed with representatives from Healy the status of the Healy Phase II

The energy challenge facing California is real. Every Californian needs to take immediate action to reduce energy consumption. For a list of simple ways you can reduce demand and cut your energy costs, see our website: <http://www.arb.ca.gov>.

California Environmental Protection Agency

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EVR system backlog. Healy has agreed to place a high priority in producing Phase II EVR components and has committed to the following shipment date for equipment orders.

Month Order Submitted	Shipment Date*
June 2005	September 16, 2005
July 2005	September 30, 2005
August 2005	October 14, 2005
September 2005 and subsequent	4 to 6 weeks from date of order

* or later shipment date when requested by gasoline dispensing facility operator/owner, contractor, or distributor

The above shipment schedule should eliminate the backlog of Phase II EVR systems and provide a more orderly planning process for new installations and major modifications of existing installations. We believe the above shipment dates should be adequate and we will continue to receive biweekly updates from Healy on any remaining backlog and any adjustments to this schedule. Please notify us if you have information that the above dates are not met.

You indicated there are current and pending construction delays and shutdowns of gasoline dispensing facilities (GDF) due to delays that station operators are experiencing in receiving orders of Phase II EVR systems and components. We are surveying the permitting staff of the California air pollution control districts to track instances where GDF operators have been granted authorities to construct (A/Cs) and where that construction on new or modified facilities has been stymied due to late arrival of ordered EVR equipment. We followed up with State Water Resources Control Board staff on your concern about possible construction delays at GDFs due to the simultaneous implementation of both the underground storage tank (UST) regulations and enhanced vapor recovery. Although we see no conflicts between complying with statewide UST and vapor recovery regulations, there are more stringent locally-imposed requirements in some jurisdictions, including San Bernardino County and the City of Los Angeles. State Water Board staff's understanding from these CUPAs is that Phase I EVR upgrades alone, without breaking concrete, would not trigger these more stringent local requirements and would therefore not trigger Phase II EVR. If you have information to the contrary, please notify either us or the State Water Board.

Finally, if we receive documentation of a Phase II equipment shortage that is adversely affecting operators of gasoline distribution facilities, we will consider alternatives to alleviate that situation. We encourage GDF operators to document any occurrences of delayed construction or shutdown which occurred as a result of not receiving ordered Phase EVR systems or components in a timely fashion. A form to document unavailability can be accessed at www.arb.ca.gov/vapor/vapor.htm. Station operators

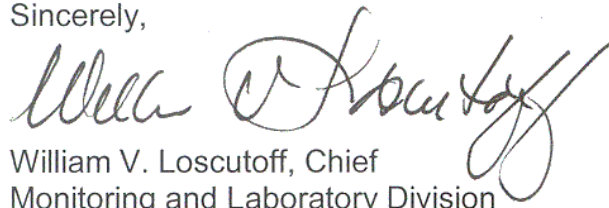
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are asked to provide documentation of such an occurrence, including when a Phase II EVR system or component was ordered, the delay after its promised delivery date, the Authority to Construct permit number, and the hardship that resulted due to delayed shipment of the vapor recovery equipment.

In your letter you requested that Air Resources Board (ARB) extend the effective and operative dates for all elements in the Phase II EVR timetables until January 1, 2006. In view of Healy's commitment to expedite shipment of Phase II EVR systems and in the absence of information that documents actual downtime or shutdown due to delays in receiving orders of Phase II EVR components, I do not anticipate the need for such a regulatory action at this time. I assure you that ARB staff will continue to monitor this situation closely.

Please feel free to contact me by email at wloscutto@arb.ca.gov or George Lew, Chief of our Engineering and Certification Branch, by email at glew@arb.ca.gov or by phone at (916) 327-0900.

Sincerely,



William V. Loscutt, Chief
Monitoring and Laboratory Division

cc: Harry Krug
Colusa County APCD

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Elizabeth Haven
State Water Resources Control Board

James Giannopoulos
State Water Resources Control Board

Kathleen Tschogl
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